New York Metro Market Leads Spot TV Ad Expenditures

Top 15 Discount Store Spot TV Advertisers in a Single Market

Store/Market	1985	1984	% Change
1. Fred Meyer/ Portland	$2,967,600	$2,468,200	20
2. Caldor/New York	2,724,400	14,200	19,357
3. Smitty's/ Phoenix	2,663,800	1,841,600	45
4. Target/ Los Angeles	2,214,100	2,538,100	(13)
5. Gemco/ Los Angeles	2,198,300	2,676,600	(18)
6. Fortunoff/ New York	2,039,700	2,545,500	(20)
7. Wal-Mart/ Houston	1,920,700	1,509,100	27
8. Target/Dallas	$1,917,200	$ 966,700	98
9. Venture/ Chicago	1,800,000	1,858,100	(3)
10. Wal-Mart/Dallas	1,687,500	1,409,700	20
11. Zayre/Boston	1,564,400	1,630,300	(4)
12. Bradlees/ Boston	1,500,100	1,041,300	44
13. Wal-Mart/ Atlanta	1,493,800	1,219,400	23
14. Marshall's/ New York	1,453,700	687,000	112
15. Zody's/ Los Angeles	1,445,500	2,200,400	(34)

National advertising not included in figures.
( ) Denotes decline

Source: Television Bureau of Advertising

NEW YORK — The metropolitan New York market was the scene of the two largest increases in spot advertising by discount stores last year, according to the Television Advertising Bureau (TvB).

Caldor spent more than $2.7 million for local air time in the New York area, according to TvB. As noted in the report on total chain spending (see p. 120), Caldor's new program launched last fall placed the chain in the TvB reports for the first time this year. Caldor took the No. 2 spot in single-market spending

A 112% increase in Marshall's estimated local budget in the New York market was the second largest single-market spending surge measured by Tvb for 1985. The off-pricers spent some $1.5 million in the market on spot television. Despite the surge Marshalls' spending in New York still only ranked No. 14 on the single-market chart.

Dallas was the market hit with the third largest increase in single-market spot television advertising by a discount chain last year. Target nearly doubled its spot advertising there in 1985 according to the TvB figures, which measured almost $2 million worth of local air time used by the chain.

Fred Meyer Moves to No. 1

The largest dollar expenditure in a single market reported by TvB came from Fred Meyer in Portland, Ore., which was estimated to have increased its budget in that market by 20% for 1985. In the previous year Fred Meyer had been listed as No. 4.

Smitty's moved up from No. 7 to No. 3 in terms of dollars spent in a single market. It is important to note that the Phoenix-based division of Lucky Stores sells food as well as general merchandise.

Although Bradlees' estimated spending in Boston was only the twelfth biggest singl-market budget tracked, it represents a substantial 44% increase in local spot advertising there.

Wal-Mart's single market ad expeditures ranked among the top 15 in three markets: Houston, Dallas and Atlanta. The chain recorded increases of 27%, 20% and 23%, respectively, in those markets.

In Los Angeles both Gemco and Target spent less on local television spots last year than in 1984, according to the TvB reports. Both chains spent around $2.2 million in 1985. For Target that was reported as a 13% drop. At Gemco the figure was about 18% less than TvB listed in 1984.

Zody's, the 15th largest single-market advertiser, went out of business in the first quarter of this year.

As a group discount stores spent about $114.8 million on local spot advertising last year, a 24% gain, according to TvB.

HEAVY TRAFFIC
Now the people who spend 800 billion dollars per year at retail stores are within your reach.
When you accept the new Discover℠ Card, you're accepting a card built on the power of the Sears Financial Network, with access to the Sears credit card base: people who account for 62% of all dollars spent in retail stores.
With the Discover Card, 22 million of these active spenders will receive 31 billion dollars in new pre-approved credit. They'll be reaching for the Discover Card because it costs them nothing to get, and pays them back every time they use it. What's more, it will be introduced by the largest credit card advertising launch in history.
The Discover Card is responsive to your needs, too. It offers you competitive discount rates, and works within your system with the same imprinter and sales process you currently use. You also get a fast turnaround of funds, customized floor limits, and in most cases 15 business days to resolve chargebacks before your account is debited.
With all these advantages, it's no wonder major retailers like Dayton Hudson, Johnston & Murphy Shoes, Goodyear Tire & Rubber Co. and Ace Hardware are accepting the Discover Card. So why wait. The sooner you call, the sooner your business can be in rush hour traffic, too.
To learn more about the advantages the Discover Card can bring to your business, call 1-800-624-MORE.
The Discover Card puts your business in a whole new light.
The 800 billion dollar figure cited above is based on the 1985 Survey of Buying Power, July 1985 issue of Sales & Marketing Management.
The 62% figure is based on a nationally representative four-week diary survey conducted by Market Facts, Inc. with 1765 heads of households, from mid-October to mid-November, 1984.
SEARS FINANCIAL NETWORK
The Discover Card is issued by Greenwood Trust Company, Member FDIC © 1986 Sears

Read

CLASSIFIED ADS

FOOD MERCHANDISING
FOR DISCOUNT RETAILERS

A Lebhar-Friedman Publication
MAY 1986

Large sizes, special packaging drive warehouse club food sales

Discounters maximize candy sales

Food Merchandising
is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, N.Y. 10022
212-371-9400
Cable Address: LEBHAFRIED

Publisher **FRED J. FILER**

Editor **IRIS S. ROSENBERG**

Executive Editor **Steve Malanga**
Senior Editor **Arthur Markowitz**
Associate Editor **Beth A. Sexer**
Desk Editor **Martha Gioumousis**
Art Director **Robert Brokman**
Production Manager **Gwendolyn Terrell**
Circulation Director **Jolie Meisler**
Research Director **Anne Frasciello**
Production Director **Stan Kaufman**

National Sales Manager **John Failla**
New York Sales **Brad Sall, Kevin Kennedy**

VP/Group Publisher **Richard D. Groberg**

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
VP/Publication Services **Barry Braverman**
VP/Circulation **Robert B. Doll**
VP/Planning **Harry A. Estes**
VP/Finance **James Granato**
VP/Human Resources **Richard D. Groberg**
VP/Editorial Director **David Q. Mahler**
VP/Sales **C. Reese Musgrave**
Assistant VP/Circulation **Ellis E. Rowland**

REGIONAL OFFICES

Boston 1 Gateway Center, Newton, Mass. 02158, 617-527-6394
VP/District Manager **Robert T. Perry**
New England Regional Advtg. Mgr. **James Malver**

Cleveland Summit One Building, 4700 Rockside Road,
Independence, OH 44131, 216-642-3420
Office Manager **Martha MacVean**
Cleveland Sales **Dave Tuttle**

Chicago 444 N. Michigan Ave., Chicago, Ill. 60611, 312-644-8688
District Manager **Howard Neibart**
Chicago Sales **Bruce Smith, Cheryl Oliver**

Los Angeles 606 N. Larchmont Blvd., Los Angeles, Calif. 90004, 213-464-8321
District Manager **John Donoghue**
Los Angeles Sales **Howard Zabner**

Washington 117-35 Striley Drive, Washington, D.C. 20861, 301-774-3895
Manager, Correspondent **Kenneth Rankin**
Washington Correspondent **Deane Evans**

Japan Diamond-Friedman Ltd. Chain Store Age News Japan 1-4-2 Kasumigaseki, Chiyoda-ku Tokyo, Japan 504-6750

ABC MPA

Publisher of Discount Store News, Nation's Restaurant News, National Home Center News, Drug Store News, Computer+Software News, Chain Store Age Executive (with Shopping Center Age), Chain Store Age General Merchandise Trends, *APPAREL merchandising*. Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing, Inside Bookselling (Newsletters); Chain Store Age News, Japan; Largo Music Inc.

Subscriptions
Having a problem with your subscription? Send full details, including the mailing label from the last copy you received and your telephone number to Circulation Fulfillment Director, Discount Store News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079.

Permissions
Materials in this publication may not be reproduced in any form without written permission. Direct permission requests to Fred J. Filer, publisher, Discount Store News, 425 Park Ave., New York, N.Y. 10022.

Consumables still boost store traffic despite tough market competition

Iris S. Rosenberg, Editor

"We'd never reduce the advertising (on consumables) because we have a philosophy here, and that is to swing doors."

John Sommerville, Jr., senior buyer, party goods, neatly summed up the K mart philosophy to the traffic building consumables category.

That long time philosophy has held, even in the face of the chain's recent moves to upgrade both store environment and merchandise assortments. As Sommerville pointed out in a story in this issue of *Food Merchandising*, when K mart traded up its assortments, particularly in softlines, they also went to "Cadillac brands" in paper goods: "The customer still wants price, but recognized brands are important too."

In fact, like K mart, most full-line discounters have resisted abandoning the category.

True, the category's low margin and image status is a steady source of concern. Yet excruciatingly stiff competition from supermarket operators willing to reach below a 10% margin level to own local traffic, and the seeming contradiction between consumables' hard-hitting bargain image and the more fashionable, department store-like statements so many discounters are trying to make have not knocked the category out of the box.

Even more interesting, a handful of discounters are taking an even more agressive approach to consumables, and finding new ways to make the category work harder.

Shopko, for example, no stranger to sharp consumables promotions, recently used three items, two of them food offerings, to put some extra spin on its day after Easter breaking circular.

To set itself apart from from the rest of the retail community pack, the Wisconsin-based discounter sliced price points on Coke ($2.79 for 12 cans; limit 24 cans) and Brach candies ($.79 a pound)—but limited the offer to Monday morning between 9:00 a.m. and noon. The "three hour bonus buy" offer was trumpeted, in four colors, across the top of the tab.

For discounters in search of a door buster, who turned to the category in earnest in the inflation-roaring seventies, the consumable department remains a viable offering in the deflationary eighties.

Large sizes drive warehouse food sales 6
Almost 90% of membership club food business is in large sizes.

Seasonal candy: The focus is basics 15
Chains bridge the gap between seasonal and every day assortments.

Chemicals can still 'swing doors' 20
Chains still advertise this category although margins have dipped.

Microwave popcorn sales explode 22
High turns and margins above 30% characterize this new category.

Paperama moves onto growth track

HINGHAM, Mass. — Paperama, a New England chain of deep discount stores with a strong emphasis on food, is on a fast growth track.

The company, which operates 30,000 sq.-ft.-units in three states, opened five stores last year, giving it a total of 11. Now Paperama has embarked on a hiring and training program in anticipation of rolling out four or five more of its unique stores next year.

Paperama started out as a discount retailer of party goods but gradually expanded into candy, which was seen as a a natural extension of party goods, and then moved into other basic food items. Now the chain also sells stationery and office supplies, greeting cards, H&BAs, housewares, chemicals and seasonal toys.

Much of Paperama's mix is weighted towards deal merchandise or seasonal goods which can be promoted heavily.

In candy, for instance, Paperama maintains a regular 28-ft. section of basic goods bought from a local wholesaler and then buys key seasonal merchandise direct from manufacturers and mass displays the merchandise on platform areas. These displays are a trademark of the stores.

That kind of mass display presentation, which is backed by heavy advertising as well as deep discount prices, has helped make Paperama the largest per store candy retailer in the New England area, said candy buyer Pat McGowan.

Because so much of its candy business is focused on seasonal items, Paperama now places holiday candies on the sales floor up to seven weeks before the season begins.

The chain has also proved that general merchandise and food can sell well together in a deep discount environment. Paperama stores, for instance, have a regular section devoted to office supplies and is a key retailer of these products in many of its markets.

Generic, 25-pack cigarette sales up

Discount stores are holding their own in a shrinking, price sensitive cigarette market.

The discount industry's market share rose from 6.00% in 1981 to 6.50% in 1984, according to market research by Louisville, Ken.-based Brown & Williamson.

Discounters' modest gains meant a larger slice of an ever-smaller but still gigantic business. Manufacturers shipped 595 billion cigarettes last year, down from 600 billion the previous year.

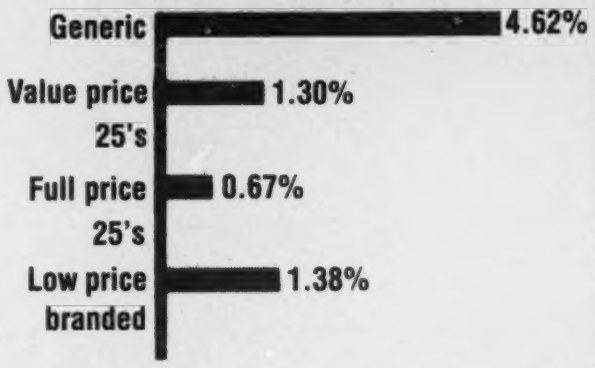
Discounters have managed to maintain their share of the market despite the fallout from higher prices that has signaled the end of the single price point. About 8% of the cigarettes sold last year were "value for money" offerings.

The value movement began with generic cigarettes, which captured 4.62% of the market last year, compared with just 0.46% in 1981.

Brands offering 25 cigarettes per pack and lower prices jumped from 0.36% of the market in 1983 to 1.30% last year. Full-priced packs of 25 grabbed 0.67% last year.

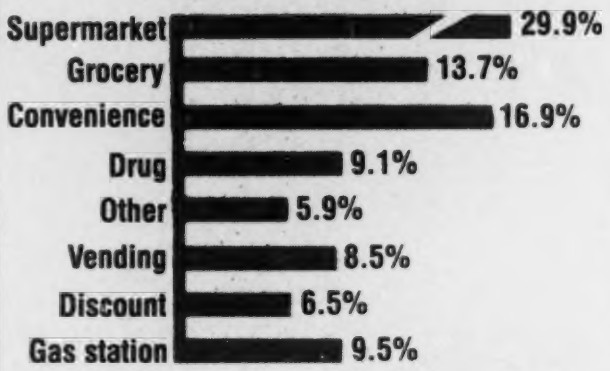
Low-priced brands have also appeared, capturing 1.38% of the market last year.

New price segments capture cigarette share*



*1985 market share

Cigarette sales by retail outlet*



*1984 volume

Source: Brown & Williamson Tobacco

Beer imports increase market share

Americans are drinking less beer but they're spending more for higher-priced imported beers.

Sales of beer declined slightly in 1985 to 182.0 million barrels, down from 182.7 million the year before and 184.2 million in 1983, according to research by Miller Brewing Co.

The big losers in market share were premium beers, super premiums and malt liquor.

Premium, still the most popular beer, now accounts for 43.7% of total beer sales, down from 45.0% last year and 51.6% in 1981. Super premium beer share declined to 4.1% of total business, down from 5.0% the year before. In 1981 super premiums accounted for 6.9% of sales.

Sales of malt liquor declined to 3.0% of sales from 3.2% the previous year.

The biggest gain came in sales of imports, light beers and popularly-priced beer whose share increased to 4.3% of the market, up from 3.9% the year before and 2.9% in 1981.

Light beers also gained business, upping their market share more than half a percentage point to 20.5% of business. Also winning more share were popularly-priced beers, which now acccount for 24.4% of the market.

U.S. Beer Market Share

Super premium	Premium	Light	Popular	Malt Liquor	Imports
4.1%	43.7%	20.5%	24.4%	3.2%	4.3%

Source: Miller Brewing Co.

Microwave popcorn sales explode

Since microwave popcorn popped up two years ago, a new, high turnover category has emerged that has garnered 30% of all popcorn sales.

There is more than a kernel of truth to the rumor that microwave popcorn has popped up big profits since its introduction two years ago.

"There is no question that this is a big category. It's a high turnover item," said K mart buyer Norm Roberts.

Sales of microwave popcorn increased 68% last year, according to A. C. Nielsen, while total tonnage sold grew 54%. That compares with a 24% gain for sales of traditional unpopped popcorn. In just two years microwave popcorn has come to account for nearly 30% of all popcorn sales.

Sales of microwave popcorn have tended to follow, not surprisingly, in markets where there is a heavy concentration of microwave ovens. Thus Minneapolis, a market where more than half of all households own a microwave oven, is one of the top markets for microwave popcorn sales, according to research by Deli Express, an Eden Prairie, Minn., food vendor. Other top markets, according to the study, are concentrated in the Midwest and West Coast—including Detroit, Seattle and Denver.

The East Coast, which has relatively low household penetration of microwave ovens, claims few key cities among the top markets for microwave popcorn.

Driving sales of the product has been a willingness of retailers to promote it heavily. K mart, for instance, traditionally promotes unpopped popcorn during fall. But the chain has been featuring microwave popcorn year round in an attempt to build excitement around the new product.

Overall, vendor advertising for microwave popcorn has more than doubled, jumping from $7 million in 1984 to more than $22 million last year, according to a Nielsen study.

One major midwestern discounter who has featured microwave popcorn frequently since September said some stores will move out as many as 1,000 units during promotions. The chain expects to sell 4 million units this year at gross margins averaging in the mid-30% range.

Typical Microwave Oven Owner

Age	40-59
Income	$40,000
Education	H.S. Graduate
Household Size	3-4, 5+

Source: Deli Express

Top Popcorn Markets*

City	Rating
Minneapolis	170
Detroit	144
Seattle	133
Chicago	131
Kansas City	130
Denver	113
Syracuse	112
Cincinnati	110
Atlanta	106
Dallas	100

*Chart measures microwave popcorn sales in major markets. A score of 100 is average.
Source: Deli Express

The chain's biggest sellers are Act II, which goes out at $.59 per single serving, and Deli Express, sold at $.99 per two-pack.

"Act II has the edge over Orville Redenbacher in our stores. People say Act II keeps in the flavor better. The price points on Redenbacher are just too high," said a buyer for the chain.

The boom in product sales has led to a bevy of product introductions. Some retailers, in fact, estimate that new brands account for as much as 50% of the growth in the category. Rose's, for instance, already carries Redenbacher and Wyandot, and "both brands are doing very well," said buyer Wayne Stockton. Nevertheless, the chain is considering adding newcomer Deli Express to beef up its offering.

Deli Express, which sells principally fast food sandwiches, has introduced a line of microwave popcorn in see-through bags which allow the customer to watch the popcorn popping and avoid scorching.

"We determined that in this market a product line must be clearly different than the competition's," said Rolf Engstrom, Deli Express vice president of marketing.

Although it is relatively new to the business, Deli Express has been developing a profile of microwave popcorn customers through postcards inserted in product packages.

In some ways the profile differs from that of the typical food shopper. Males, for instance, account for 30% of purchases, undoubtedly because of the strong convenience orientation of the product.

The two largest groups of purchasers are those between the ages of 26 and 35, and those over 46. Each group accounts for 29% of the business.

For the time being, discounters said they are riding the crest of this sales boom principally by selling microwave popcorn in their candy sections. Although some vendors have suggested setting up entire categories devoted to the product, or even cross-merchandising it in housewares with microwave ovens, discounters have demurred.

"It's not the preferred way to merchandise it. It's a food item and belongs with other foods," said K mart's Roberts.

Despite the success of the category, not all discounters have chosen to jump into it. Neither Caldor nor Bradlees sells microwave popcorn.

"At 30% to 35% [gross margins] it's not worth it," said Mike Cahill, buyer at Bradlees. "That's what I can get on unpopped corn. I deal in higher margins in my department."

Even those buyers who praise the way the new product moves off store shelves said there has been a certain amount of customer dissatisfaction because of quality problems. Brands react differently in different microwave ovens.

"Research shows that up to 9% of the popcorn is left over due to variances in microwave strengths," said K mart's Roberts.

COMPETITION

Nashville Spot Television Advertising

	1981		1983		1985	
	Nashville	All Markets	Nashville	All Markets	Nashville	All Markets
Discounters						
Wal-Mart	$413,700	$ 7.3 million	$625,200	$ 8.1 million	$ 736,900	$16.1 million
K mart	223,100	22.3 million	146,800	9.1 million	185,100	17.2 million
Target	564,200	6.3 million	301,000	10.7 million	1,919,000	14.2 million
Hills	463,300	3.2 million	384,800	4.5 million	1,077,100	10.2 million
General Merchandisers						
Sears	5,500	9.2 million	48,500	17.3 million	63,900	22.4 million
J. C. Penney	76,100	10.3 million	54,700	12.5 million	161,900	14.2 million
Department Stores						
Harvey's	2,600	2,600	33,000	33,000	11,200	11,200
Cain Sloan	59,400	59,400	95,700	95,700	17,800	17,800
Castner Knott	254,900	254,900	3,500	3,500	684,600	684,600

Source: Television Bureau of Advertising from Broadcast Advertisers Reports data.

Nashville Ad Spending Follows National Trend

NASHVILLE — Nashville is a place where big city and small town retailing meet. In a crowded market where every sector of retailing is represented, discounters spend millions of dollars trying to separate themselves from the pack.

Statistics compiled by the Television Bureau of Advertising for the years 1981, 1983 and 1985 show a pattern of increased spot television advertising for Wal-Mart, a decline for K mart, and a remarkable increase for Target and Hills.

The pattern in Nashville is quite similar to the spending pattern created by the chains in their total market area. Wal-Mart spot television spending in Nashville increased by 78% from 1981 to 1985, and throughout all of its markets it jumped by 119%.

K mart's promotional spending actually decreased, both in Nashville and nationwide. The pattern of spending in 1981 showed K mart with $223,100 in Nashville and $22.3 million in spot market advertising across the nation. In 1985 the chain spent $185,000 in Nashville and $17.2 in spot markets nationwide (K mart also spent about $16.2 in network advertising).

During the same period, Hills' spending on advertising changed even more radically. After spending $463,300 in 1981 in Nashville promotion, Hills spent $1,077,000 in 1985. In all markets, Hills spent $3.2 million in 1981 and $10.2 million in 1985.

Ad dollars increased

Competitors like Sears, Penney have increased their ad dollars both in the Nashville market and nationally, but the Caster Naut department stores outspent every retailer in Nashville with $3.6 million in print promotion and $700,000 spent on television.

Gary Cunningham, retail advertising manager for *The Tennesean and Nashville Banner*, said the key discount chains—K mart, with 16 stores, and Wal-Mart, with 12 stores—have very different promotional strategies for the same market. While Cunningham believes neither chain has a decided advantage in the competition for market share, K mart generates 100 circulars annually while Wal-Mart seems content with about one a month.

Increased Advertising

Last year K mart spent $1.337 million just in ROP advertising in Nashville. Wal-Mart, its top competitor, spent $507,000 during the same period on ROP ads.

The top 10 print advertisers in Nashville include K mart (4) Sears, (5), and Penney (7). Circuit City is rated 11th. Toys "R" Us is ranked 40th in newspaper advertising spending. Two department stores and a food chain are the top three retail ROP advertisers.

Cunningham said specialty retailers like Circuit City and Toys "R" Us are maintaining a higher promotional profile.

In recent weeks, heavily advertised bargain auto financing rates have taken their toll on sales of durable goods and other hardlines categories. Cunningham said 6.9% financing on some new cars has induced many consumers to dig into savings and use disposable income to buy a new car at these unheard-of rates rather than buy an appliance, VCR, or new television.

Paint it
RED DE

"Paint it Red Devil" and "Stain it Red Devil" is our theme for 1986. Red Devil has the most COMPLETE LINE of Enamels, Wood Finishes and Removers, with a brand name known by everyone. 1986 will bring . . .

- Rebates—$3.00 on Polyurethane Clears and $2.00 on Paint & Varnish Removers.
- 12 Ads in *People Magazine*.
- 8 Ads in *Better Homes & Gardens*.
- Network radio on $3.00 rebate.
- National television.
- Promotional pricing.
- Custom fixtures.
- On-shelf display package.
- High turnover.
- Excellent margins.
- Flexible programs.

RED DEVIL PAINTS & CHEMICALS / AN INSILCO COMPANY / 30 NORTH WEST ST., MOUNT VERNON, NY 10550

PRODUCT MOVEMENT AUDIT: STATIONERY

Home Office Products Top Stationery Department in Sales

By CHARLES BOWLUS
Vice President
Boston Distributors

Home office products led the stationery and school supply department in sales increases and profit contribution as retailers devoted more space and promotional activity to this exciting growth category.

The product movement audit for file boxes and accessories was led by W. P. Johnson's two drawer file cabinet with the new three drawer cabinet placing sixth.

Esselte Pendaflex enjoyed the greatest gains as a company with four skus on the top 15 listing for this market segment.

Esselte's product development and packaging are quickly making them the market leader in this important growth area. Watch their new entries, Find-It and Keep-It, add to their already strong leadership position.

Esselte also led the office supply category with its Hanging File Folder System. Mead dominated this product movement audit with a total of eight skus making the chart, including four put-ups of their new Accuracy line.

The Accuracy line is a step up from the System line which affords better quality, higher counts and, coincidentally, higher price points. The strategy worked as the legal pad, steno pad, notebook and quad rule book all landed in the top 15.

Mead has employed this same strategy successfully in the notebook category, plac-

(Continued on page 225)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	FILE BOXES & DESK ACCESSORIES			
1	Two Drawer File Cabinet, 18213	667	48.34	32,243
2	Rockaway Security Chest, H300	2,007	13.70	27,496
3	Rockaway Cash Box, H260	2,062	11.92	24,576
4	Esselte McFile Brown, 40788	1,060	16.43	17,417
5	Esselte McFile Box, 40780	983	15.36	15,097
6	3 Drawer Filing Cabinet	237	63.14	14,964
7	Ballanol Super Porta File, 2912T	1,338	10.40	13,920
8	Steno Desk Tray with Cutout, 282	4,451	3.01	13,382
9	Rolodex Decorated File VIP 24	1,097	12.13	13,302
10	Sentry Fire Chest, 1100	396	31.80	12,593
11	Mead 21 Pocket Expandable File, 35280	2,255	5.46	12,315
12	Esselte Deco Rack, 23001	1,455	8.14	11,846
13	Esselte Tote File Blue, 40606	1,520	7.57	11,510
14	6 Rolodex Covered S 300 C	1,418	7.95	11,276
15	Steno Message Rack, 330	2,294	4.89	11,212

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	OFFICE SUPPLIES			
1	Esselte Hanging Folder System, 18559	3,083	10.62	32,741
2	Telephone Address Book, 80011	4,523	4.44	20.098
3	Esselte Hngng Fle Fldr Rfll 10 Pck, 18504	3,906	5.12	20,000
4	System Clasp Envelope, 9x12, 76020	9,261	2.16	19,979
5	System Clasp Envelope, 10x13, 76022	8,166	2.27	18,517
6	Accuracy Stiff Legal Pad, 59680	11,190	1.64	18,314
7	Legal Pad, 11", 50-ct, 59604	21,784	0.72	15,714
8	Accuracy Stiff Notebook, 06800	8,871	1.75	15,528
9	Telephone Address Book, 80006	5,765	2.65	15,272
10	Accuracy Steno Book, 43800	8,986	1.69	15,222
11	Telephone Address Book, 80201	3,688	4.10	15,109
12	Accuracy Stiff Quad Ruled, 62310	7,687	1.84	14,118
13	Dome Weekly Bookkeeping Record, 600	1,890	6.62	12,512
14	System Clasp Envelope, 6x9, 76018	6,694	1.85	12,413
15	Mead Wire Index Card, 4x6, 63138	11,280	1.08	12,208

(Continued on page 225)

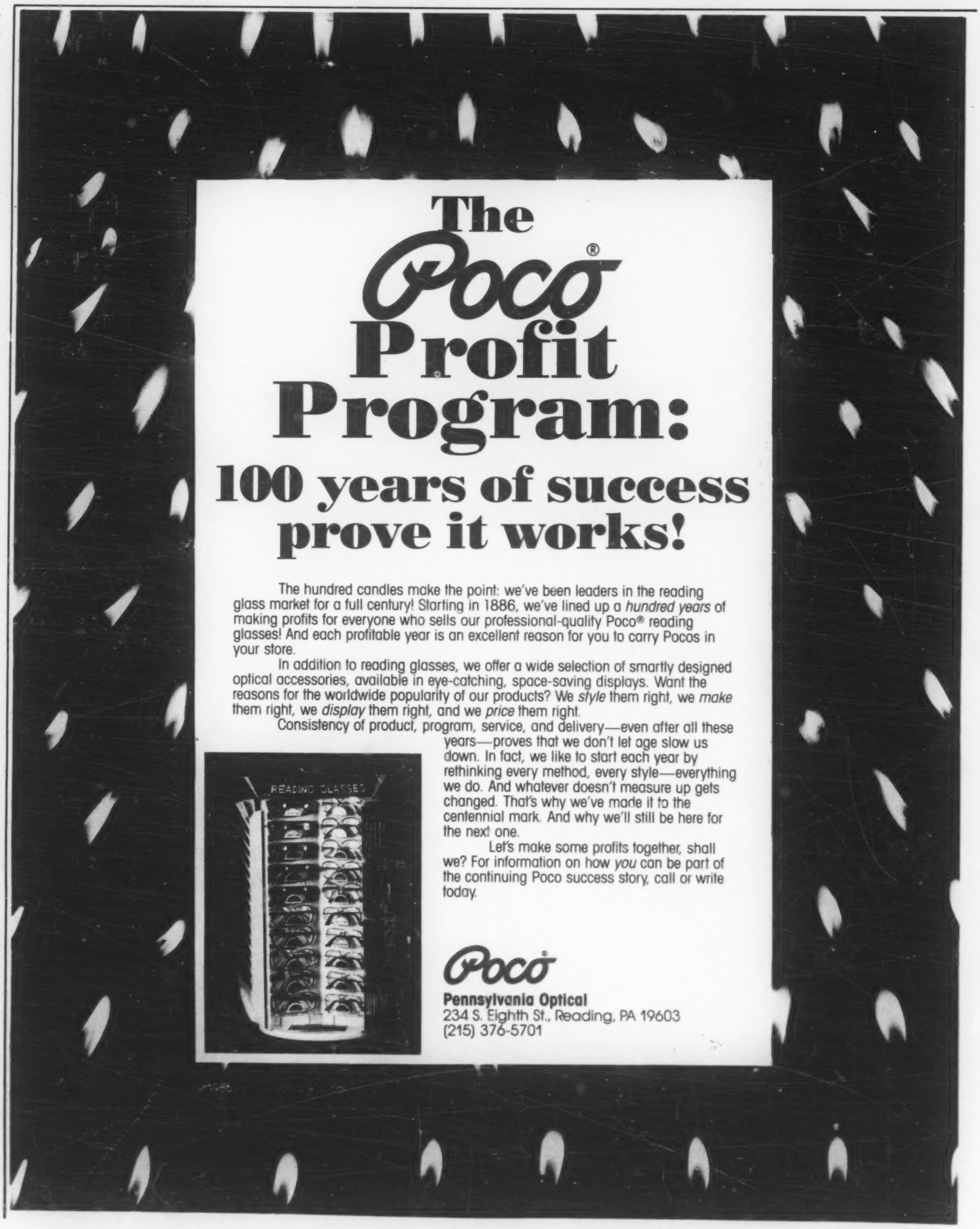
CSG Publishes New 1986 Guide

NEW YORK — The *1986 Directory of Discount Stores/ Catalog Showrooms* has just been released by *Chain Store Guide*, a division of Lebhar-Friedman, parent company of *Discount Store News*.

The 1986 guide, produced by the *CSG* research staff, recorded over 10,800 changes over the 1985 directory. Reflecting the volatility of the marketplace, these changes include the names and locations of companies entering the business as well as the mangement changes generated by mergers, acquisitions and corporate restructurings at many of the remaining firms.

Each company listing includes a profile of the chain: Number and type of departments operated (e.g. automotive, pharmacy, auto service centers, etc.), store locations and the names and responsibilities of the corporate merchandising staff.

To order the 26th Annual *Directory of Discount Stores/ Catalog Showrooms* (also available on mailing labels/ magnetic tape) contact Andrew DeSarle, publisher, *CSG* Information Services, 425 Park Avenue, New York, N.Y. 10022. To order by phone call (212)371-9400.


The
Poco®
Profit
Program:
100 years of success
prove it works!
The hundred candles make the point: we've been leaders in the reading glass market for a full century! Starting in 1886, we've lined up a *hundred years* of making profits for everyone who sells our professional-quality Poco® reading glasses! And each profitable year is an excellent reason for you to carry Pocos in your store.
In addition to reading glasses, we offer a wide selection of smartly designed optical accessories, available in eye-catching, space-saving displays. Want the reasons for the worldwide popularity of our products? We *style* them right, we *make* them right, we *display* them right, and we *price* them right.
Consistency of product, program, service, and delivery—even after all these years—proves that we don't let age slow us down. In fact, we like to start each year by rethinking every method, every style—everything we do. And whatever doesn't measure up gets changed. That's why we've made it to the centennial mark. And why we'll still be here for the next one.
Let's make some profits together, shall we? For information on how *you* can be part of the continuing Poco success story, call or write today.
READING GLASSES
Poco®
Pennsylvania Optical
234 S. Eighth St., Reading, PA 19603
(215) 376-5701

Home Office Products Top Stationery Department in Sales

(Continued from page 223)

ing three skus of its Five Star line on this year's PMA. Their new Glare Care line, another high count, high price-point line, is doing extremely well and is sure to make this year's charts.

These profitable lines, as well as similar offerings from other prime manufacturers, represent excellent in-store promotional opportunities during the school year.

This year's paper product movement audit was of course led by filler paper in the 200 count package despite share erosion by theme books.

Paper prices have supposedly gone up but initial quotes from the manufacturers indicate that we should see filler and notebook prices at about last year's levels.

Retails should average two-for-$1 to 59¢ on filler paper with perhaps a little more margin available on the notebooks. We are recommending strong ad prices on notebooks and case stack or end cap displays of the more profitable step-up lines such as Glare Care.

Competitive Category

Writing instruments was an intensely competitive category in 1985, especially between PaperMate, Bic and Scripto.

PaperMate grabbed top honors with five skus on the top 15 listing compared to Bic's four put-ups, but Bic's Biro Blue was our top stick pen multipack, edging out PaperMate's Blue 10 Pack. Scripto's Erasable Pen 5-Pack, at No. 6, was our top erasable followed by PaperMate's 3 Pack at No. 13 overall.

Faber's 10-Pack Pencil was our top writing instrument. We don't expect any surprises in 1986 in this category as there are no significant new entries.

Competition will continue to drive prices down to a point that these top volume producers can be promoted profitably.

Strong Growth Area

The stationery school supply and home office products department can be a strong and profitable growth area in 1986. Due to its high propensity for impulse sales, many of its products respond- exceptionally well to in-store promotions at check-outs or on end caps.

Higher ticket step-up lines in notebooks, or hot fashion theme books such as Mead's designer series, could be placed on ends September through May, while multipack pens and markers could be displayed on check-outs with 50% margins on a year round basis.

Home office promotions on file cabinets, security chests, or an end cap of Esselte products would also afford excellent results any time of the year.

READ CLASSIFIED ADS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	PAPER & NOTEBOOKS			
1	Filler Paper Wide 200-ct, 0215	243,491	0.59	143.660
2	Filler Paper Narrow 200-ct, 10203	189,716	0.59	111,932
3	Mead 55B 180 ct NW Theme Book, 05682	79,896	0.99	79,097
4	Springfield Theme Book 120 ct Wide 3 sub	50,741	0.89	45,159
5	Flex 3 Notebook with Pad, 29500	7,670	5.63	43,150
6	Springfield 70 ct Theme Bk Wide, 37670	85,957	0.49	42,119
7	Mead Theme Varsity 100-ct, 06500	14,779	1.29	19,065
8	5 Star Theme 5 sub, 200-ct 11x8, 06208	5,709	3.33	19,024
9	5 Star Theme 3 sub, 150-ct 11x8, 06210	6,275	2.69	16,880
10	Mead Scribble Tablet 150-ct 57202	10,084	1.46	14,679
11	Springfield Theme Book 40-ct Wide, 37600	36,864	0.39	14,377
12	Mead Theme Book, 4 sub. 6 Pocket, 06716	5,294	2.59	13,695
13	Care Bears Theme Book, 05480	12,882	1.04	13,408
14	Sprngfld Thm Bk 200-ct Wide 5 sbjt, 36396	7,107	1.88	13,368
15	5 Star Theme 2 sub, 100-ct	8,343	1.59	13,281

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	WRITING INSTRUMENTS			
1	Faber 10-Pack Pencil	185,881	0.47	86,446
2	Bic Biro Pens 10-Pack Medium Blue	44,906	1.19	53,438
3	Papermate 10-Pack Pens Medium Blue	44,153	1.19	52,591
4	Papermate 10-Pack Pens Medium Black	41,622	1.19	49,530
5	Crayola Markers Broad, 7708	20,900	2.19	45,771
6	Scripto 5-Pack Erasable Pens Blue, 65589	24,351	1.19	28,978
7	Bic Biro Pens Medm Blck 10 Pck, GSMP	22,064	1.19	26,256
8	Carter Marks-A-Lot Black, 17888	47,730	0.55	26,179
9	Scripto Yellow Pencil, 83479	14,802	1.43	24,169
10	Magic Marker Liquid Crayons Broad, 1549	19,153	1.19	22,792
11	Papermate Pwr Point Prfle Slim, 14164	6,692	2.99	20,000
12	Papermate Pwr Point Prfle Rgir, 14264	6,661	2.99	19,916
13	PM Erasermate 2 Black Medium 3-Pack	14,249	1.28	18,241
14	Bic 3-Pack Erasable Pen, MP 31	18,864	0.94	17,793
15	Bic Stick Pens 10-Pack Black, MS 202	13,901	1.19	16,542

Source: Boston Distributors, Maple Heights, Ohio, for calendar 1985. Boston supplies over 800 stores, including about 400 discount stores, in 18 states. Average retail prices listed by the distributor reflected typical price points for discount stores.

This advertisement is neither an offer to sell nor a solicitation of offers to buy these securities. The offer is made only by the Prospectus.

April 28, 1986

$150,000,000

Zayre Corp.

$50,000,000
8⅛% Notes Due 1993
Price 99.475%
Plus accrued interest, if any, from May 2, 1986 to the date of delivery.

$100,000,000
9½% Sinking Fund Debentures Due 2016
Price 100%
Plus accrued interest, if any, from May 2, 1986 to the date of delivery.

Copies of the Prospectus may be obtained in any State only from such of the several Underwriters, including the undersigned, as may lawfully offer these securities in such State.

WERTHEIM & CO., INC. DREXEL BURNHAM LAMBERT Incorporated

THE FIRST BOSTON CORPORATION GOLDMAN, SACHS & CO. MERRILL LYNCH CAPITAL MARKETS

MORGAN STANLEY & CO. Incorporated SALOMON BROTHERS INC SHEARSON LEHMAN BROTHERS INC.

BEAR, STEARNS & CO. INC. ALEX. BROWN & SONS Incorporated DILLON, READ & CO. INC.

DONALDSON, LUFKIN & JENRETTE Securities Corporation E. F. HUTTON & COMPANY INC.

KIDDER, PEABODY & CO. Incorporated LAZARD FRÈRES & CO. PAINEWEBBER Incorporated

PRUDENTIAL-BACHE Securities L. F. ROTHSCHILD, UNTERBERG, TOWBIN, INC.

SMITH BARNEY, HARRIS UPHAM & CO. Incorporated DEAN WITTER REYNOLDS INC.

JUN 03 REC'D C5150-3

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

$2 per copy

VOL. 25, NO. 12 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | June 9, 1986

K mart Still Denies Rumors of Takeover

TROY, Mich. — K mart continued to deny rumors that its stock was being accumulated by private investors and/or stock speculators anticipating a buyout offer for the $22.4 billion diversified retailer.

The heavy trading in K mart stock in the two weeks preceding *DSN's* presstime, however, caused retail observers to wonder whether the company's shares were being amassed despite the discounter's denial.

As far as K mart was concerned, the rumors are a reaction to the stock market's interest in the company and the exceptionally heavy trading in its stock. During the two-week period through May 23, K mart stock was among the most actively traded on six consecutive days, with about 10 million shares, or 7% of the stock, changing hands.

Trade observers said it would take in excess of $6 billion to make a meaningful offer for K mart and its 125.5 million shares outstanding.

During the period in question, K mart stock rose to a new high of $52.50.

The market's interest in K mart also could reflect the discounter's strong first quarter performance, during

(Continued on page 78)

Leading Electronic Discounters

Chain (Hq. State)	Volume (millions) Last Completed Fiscal Year	Number of Stores 1/85	1/86	1/87	Avg. Store Size (Sq. Ft. Gross)
Circuit City (Va.)	$705	93	90	75	3,000-40,000
Highland (Mich.)	520	32	42	42	20,200
Silo (Pa.)	472	97	111	120	12,000-700,00
The Federated Group (Calif.)	364	43	60	59	23,100
Crazy Eddie (N.Y.)	262	14	22	23	7,100
Pacific Stereo (Calif.)	215	85	64	NA	4,600
Fretter (Mich.)	214	29	36	39	14,000
Audio-Video Associates (Ohio)	181	45	78	100*	4,000-25,000
Newmark & Lewis (N.Y.)	142	25	27	34	10,000
Luskin's (Md.)	110	29	40	53	8,600

*DSN *projection* — *Source:* DSN *research*

Strategy for '86

CE Chains Slice Margins to Grow

DSN Nationwide Report

Consumer electronics specialty chains are continuing their ambitious expansion plans with new store openings in major markets across the country.

This growth is continuing despite a sluggish retail climate that has forced the specialists to pare margins and build store promotions—and has helped to drive at least one chain out of business: West Coast-based Pacific Stereo.

"Consumers are taking a holiday from CE," said Keith Powell, president of the Federated Group. He expects to see a turnaround late in June or in early July.

"We are not romancing the customer," he said, blaming part of the decline on a cutback in vendor advertising. "People buy based on top of mind. It isn't there right now."

Just as the previous fiscal year was marked by major sales increases and rapid expansion by the larger specialty chains, the need to stimulate consumer spending through price competition took its toll in the first months of the new fiscal year and its tougher retail climate.

The challenge now is for retailers to con-

(Continued on page 78)

Bradlees 44-Unit POS Test To Go Chainwide by 1987

BRAINTREE, Mass. — After helping to test IBM's newest electronic point-of-sale system in a "laboratory environment" last year, Bradlees will be among the first retailers to use the POS equipment in a store next month.

The move is part of Bradlees' plan to have electronic registers—now in just 44 of its 156 stores—in all units by 1987. The current electronic terminals are the earlier model IBM POS registers, with Sweeda and NCR equipment used in other stores.

A Bradlees executive said converting to chainwide use of electronic POS terminals will enable the chain to institute scanning of UPC bar codes and price look-up for all its

(Continued on page 77)

Distribution Center Standards	Store Standards	**NMRI: DPP Model Format**	
Transportation Standards	Corporate Standards		
Product Characteristics Input		DPC Calculation	DPP Calculation

Lucius Harvin III, head of Roses Stores, chaired the NMRI convention session introducing the computerized DPP model (shown above, left) to discount industry retailers and suppliers.

Industry Views Initial DPP Model

DALLAS — The next step in bringing direct product profitability (DPP) to the discount department store industry was taken here last month at the annual National Mass Retailing Institute (NMRI) convention.

With DPP, retailers can identify the specific warehouse and retail costs associated with moving each item through the distribution system from the time it is received from the supplier to the point the consumer takes the product from the store.

If adopted, DPP would ultimately replace gross margin calculations as a yardstick for measuring profitability.

Discounters and suppliers got their first full look at the program, and the initial version of the computerized model needed to make it work, during one of the convention's general sessions. The presentation followed nearly a full year's work by an NMRI-assembled task force of retailers and executives from Procter

(Continued on page 78)

Hills Taps Four Ohio Units For Financial Services Test

By EDWARD McKINLEY

Hills was set to open financial service centers in four of its Toledo, Ohio, stores late last month as a pilot project that may lead to additional centers later this year.

Meanwhile, Hills' parent company, SCOA, completed its previously announced plan to sell all of its footwear operations.

SCOA's strategy to now concentrate on Hills includes openings of six new stores this summer and fall, along with the test of financial service centers.

For now, the Hills financial service centers will sell only one commodity, certificates of deposits, according to Sal Acquisto, market development manager for Goldome, the Buffalo, N.Y.-based bank working with Hills.

The centers may eventually offer other services including IRAs, insurance and loans, Acquisto added. But he offered no timetable.

Savings or checking account services will not be offered.

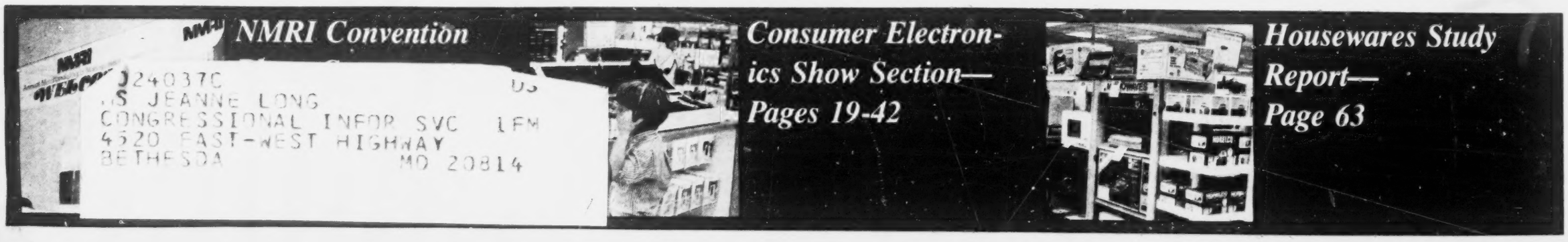
Acquisto characterized the four centers as a "pilot program," saying Hills will open more only if the early centers are successful.

The financial service center is a first for Goldome, as well as for Hills. The chain's role at the centers is as an agent for the customer. Hills employees staff the 200-sq.-ft. centers. Goldome will process and service the CDs.

Hills and Goldome executives said the venture makes sense because the companies have similar customer bases.

"The Hills customer is a

(Continued on page 77)



Pacific Stereo Uses Sale To Ease $$$ Crunch

By MICHAEL HARTNETT

EMERYVILLE, Calif. — Pacific Stereo struggled to meet payroll and store costs with a $15 million liquidation sale that began Memorial Day weekend, having filed for protection from creditors 10 days earlier.

Many observers expect the chain to emerge from Chapter 11 in a more consolidated form, rather than continuing to expend operating funds in tough, marginally profitable markets. One industry insider said the chain's management is meeting with a potential buyer who could provide the needed capital to get the chain back in business and deal with debts to vendors like Sony, Hitachi, Pioneer and others.

All of the chain's 64 stores were closed the day before the chain filed for bankruptcy and just 15 were opened for the liquidation sale. In Los Angeles, six of the 16 stores in that market took part in the sale. In the San Francisco Bay Area, just four stores participated. In Seattle, two of the four stores were opened.

A Bay Area store visitor said television and video products were enjoying a brisk consumer response with a 15% discount off the everyday prices. VCR's and camcorders were discounted 10%, accessories and furniture were reduced by 50% and portable audio was being sold at 20% off.

One industry observer familiar with the Dallas market and Pacific Stereo's former operations said he believes chain executives knew they were in trouble as long ago as last fall, when the chain began closing the seven stores in the market. The chain has since withdrawn from both the Dallas and Houston markets that it paid so dearly to enter. The last of the seven stores in the greater Dallas-Fort Worth area was closed in March of this year.

Analyst Michael Via, of An-

(Continued on page 4)

Clairol Computerizes Hair Color Analysis

By KAREN PAXTON

Technology is Clairol's most powerful marketing tool for growing its hair color business, said Bill Susecktor, director of the division. And he wasn't just talking about advances in formulations.

Clairol Color Visions, a kiosk center using video technology, was unveiled last month in the Ft. Lauderdale, Fla., Galleria for a two-month stint.

By using a video camera, a computer and a printer, Clairol can actually give potential customers a photo of themselves with hair of a different color to take home along with name of the exact product they should use to achieve that effect.

Add a one-on-one session with a professional beauty consultant, and customers can get the personal attention not usually offered in mass merchandise chains (which represent about a quarter of the company's hair color volume).

On June 16, Clairol will break down its kiosk and review the results of Color Visions' premiere run.

What remains to be decided is where future kiosks will be set up.

Although Color Visions is similar to what department store cosmetics booths have started doing, it took three years for Clairol to develop a system that would duplicate the textures and interactions of hair color.

Use of the technique known as "image simulation" is expected to expand the hair color business by taking the risk and the mystery out of hair coloring.

In addition, the Color Visions computer also gathers valuable marketing information about the hair color user. The consultants create a file for each person and store data on age, background and previous hair treatments before suggesting any Clairol product.

That information should

(Continued on page 77)

Discount Industry Leaders Launch Attack On Administration's New RPM Legislation

WASHINGTON — The discount store industry launched a frontal assault on controversial Reagan Administration antitrust "reform" legislation, calling the President's proposal "a 'back door' approach to once again encourage resale price maintenance" conspiracies against retail chains.

In testimony before the Senate Judiciary Committee, Burlington Coat Factory president Monroe Milstein warned Congress that enactment of the Administration's bill would leave many discounters "virtually defenseless" against "vertical price-fixing" activities.

Milstein's concern was focused squarely on provisions in the White House-backed "Antitrust Remedies Improvements Act" eliminating treble damage awards against RPM conspirators and most other antitrust law violators.

Currently, firms which engage in such illegal practices are forced to pay their victims three times the actual monetary damages resulting from these antitrust violations.

In proposing to eliminate treble damage penalties, the Administration argued that such heavy damage awards encourage frivolous suits.

Milstein charged that this bill is but the latest in a series of maneuvers to weaken RPM enforcement.

"Over the past five years, the Justice Department and the FTC have not only clearly refused to enforce the law, but have also attempted to change the existing antitrust laws on price fixing," he told the Senate committee.

"Even though Congress found it necessary to restrict the Justice Department's appropriations so that it would not alter or change the existing per se rule on retail price maintenance, that did not deter the antitrust division from

(Continued on page 76)

Scratch One NHMA Show for 1988

CHICAGO — The annual Housewares Show, a twice-a-year fixture on buyer calendars, is being consolidated into a single January event.

The change could take place as early as January 1988, according to Ronald A. Fippinger, managing director of the National Housewares Manufacturers Association (NHMA).

The show scheduled for November, 1987 has already been cancelled.

Mounting complaints, particularly from buyers in the high-volume segments of retailing, including the discount department stores and catalog showrooms, was a major factor in the show schedule change.

The single January show works better with their business cycle, said buyers surveyed by the NHMA.

Manufacturers, on the other hand, don't like the schedule change. All but four percent of vendors polled by the NHMA preferred a two-show schedule; about half wanted winter and summer meetings, while the other half opted to retain the current spring/fall program.

The NHMA has held two shows per year since 1948. The association switched to a spring/fall schedule in 1984. Until then, the shows had been in January and July.

For the story on the NHMA's annual survey of housewares manufacturers sales to wholesalers and retailers, turn to page 63.

The DSN *Quiz, testing your knowledge of news and trends in discount retailing covered in the last two issues, appears on this page monthly. Check your answers with the key on page 78.*

1. Both Makro wholesale warehouse club and Bradlees have 1986 plans to:
a) open units in Anchorage, Alaska;
b) issue private label credit cards;
c) add small DIY solar panels to the home improvement mix.

2. The Television Advertising Bureau cited:
a) Wal-Mart for Sam Walton's national TV debut promoting the chain's key hard goods lines;
b) Service Merchandise for its brand-name apparel ad campaign;
c) Crazy Eddie for its series of "Prices are Insane" commercials.

3. What is F.A.N.?
a) Target's Far and Near program for buyers, exploring the pros and cons of imports versus domestic goods;
b) Gemco's Friends and Neighbors program;
c) Howard's Food and Nutrition program for employee health maintenance.

4. On January 1, 1986, Caldor instituted a ban on what employee activity at its Connecticut headquarters?
a) using personal stereos;
b) smoking at their desks;
c) wearing jeans to work.

5. Which writing instrument had the highest ranking dollar volume in the annual stationery product movement audit?
a) Faber 10-pack pencils;
b) Bic Biro 10-pack pens;
c) Scripto 5-pack erasable pens.

6. Which chain has the most stores in Nashville?
a) Zayre;
b) Wal-Mart;
c) K mart.

7. "It's no secret that we've been exploring sites there," said a Target spokesman about what potential new trading area?
a) Westchester County, N.Y.;
b) Lancaster County, Pa.;
c) Northern California.

8. Which chain was the largest spot TV advertiser in 1985, according to the Television Bureau of Advertising?
a) K mart;
b) Wal-Mart;
c) Target.

9. Which cataloger is actively recruiting to hire senior citizens to work in its showrooms?
a) Best;
b) Service Merchandise;
c) L. Luria.

10. During the 1990s, the fastest growing age group will be people of which of the following age groups?
a) 45 to 54;
b) 55 to 64;
c) 65 to 74.

Biggs Redesigns Apparel Areas

Biggs, the Cincinnati-based hypermarket, is honing its apparel presentations to make a more dramatic impact within its 200,000-sq.-ft. food and general merchandise concept. Clothing is displayed on new ceiling-hung grids. The single-store U.S. version of the European hypermarket is gearing up for three additional stores. See story page 9.

INDEX

At the Source 38,42,49,50
Automotives 46
Catalog Showroom News 53
Classified 70
Consumer Electronics 19
Editorial 6
Executive Changes 59
Housewares 63
Manufacturer News 54
Prevention Pays 56
Soft Lines 9
Stock Update 75

Lower Prices, More Features Spur Greater VCR Ownership

WASHINGTON, D.C.—More than 35% of all American households now own at least one videocassette recorder, according to a recent study by the Electronics Industries Association. That is up from the 25% of households which reported owning VCRs at the beginning of 1985.

The vast majority of these households own one VCR, according to the study. But 11% own two. And the number of dual ownership households may go much higher, if past experiences with electronics products is any indication. More than 45% of all households own more than one color television, the study noted.

The study also showed that table/deck models continue to be the dominant type of VCRs. From 1981 to 1985 tabletop VCRs grew to 85% of the market, up from 77%. Portable VCR share declined from 22% to 14%. Camcorders continue to hold just 1% of the market, although most industry observers believe that much of the future growth of the market rests with camcorders.

The study also verified the enormous edge that the VHS format has. It now accounts for 90% of all purchases, up from 77% in 1981. Beta's share has declined to 9%, while 8 mm now owns 1% of the market.

Prices have dropped dramatically, the study illustrates. In 1982 only 4% of all VCRs sold for less than $300, while more than 45% sold for more than $700.

But last year 22% of all VCRs sold for less than $300 while 56% cost between $300 and $499. Despite the introduction of higher-end stereo VCRs and camcorders, only 8% of purchases were for VCRs costing more than $700.

What are the most important factors in the buying decision for those who purchased a VCR last year? Those responding to the survey named overall picture quality, price and format (VHS/Beta/8 mm) as the most important factors. Also ranking high on the list were the manufacturer's reputation, special features and warranty/guarantee. A growing number of people, 28%, said that stereo was an important feature in buying a VCR.

The study showed several significant differences in selection factors between those people who had bought VCRs for $500 or more and those who had paid less than $500.

Picture quality, for instance, was more important in the higher paying group, as was the manufacturer's reputation. Stereo capability was nearly twice as important to those paying more than $500.

The study also showed that cable television compatibility was the most important feature for all those who purchased a VCR last year. Of those who purchased more expensive VCRs, 66% named cable compatibility as an important factor.

In 1981, only 49% of those who purchased VCRs thought cable compatibility important.

Other key factors included wireless remote control, selected by 65% of those who paid $500 or more for a VCR; high speed reverse or forward, chosen by 59% of those paying more than $500; ability to record multiple events, chosen by 54% of those paying more than $500, and four video heads, favored by 61% of those paying more than $500.

In 1981 only 24% of those who bought VCRs sought wireless remote, 22% sought one-touch recording and 10% wanted stereo/hi fi capability.

The study also showed that the replacement cycle has mostly not started for VCRs. Almost all VCRs purchased since 1980 are still in use.

But, the study showed, VCRs are becoming an essential part of the households which now own them. According to the study, 95% of those who currently own a VCR would replace it if it failed beyond repair.

So far, however, VCRs appear to be holding up well under the wear. Nearly 60% of those who bought VCRs in 1981 said they have not yet taken their model in for repair. Only 24% of those purchased in 1981 have been in for repair more than once.

Profile of VCR Owners and Nonowners

Household Size	Owners	Nonowners
One Person	16%	27%
Two People	28	35
Three People	22	15
Four People	21	13
Five or More People	13	9
Income		
Less Than $10,000	10%	26%
$10,000-$14,999	9	16
$15,000-$24,999	21	24
$25,000-$39,999	30	21
$40,000 and Over	31	13
Age		
Under 30	22%	16%
30-39	31	18
40-49	23	14
50-59	15	16
60 and Over	36	11

Source: Electronics Industries Association

Cost of VCRs

	1981	1982	1983	1984	1985
Less than $300	7%	4%	7%	13%	22%
$300-$499	22	32	53	53	56
$500-$699	27	23	19	20	14
$700 and more	45	42	22	14	8

Source: Electronics Industries Association

PROGRAM HIGHER FLOPPY DISK SALES.

You'll receive a special bonus if you carry Scotch™ Floppy Disk Products. With every floppy disk 10-pack comes innovative and creative programs to help excite your customers, and increase traffic, turns and profits for you.

Here's a preview of what's happening in '86. We'll kick off the year by offering a trial-size head cleaning kit with every 10-pack of floppies purchased. Plus, your customers can take advantage of in-pack dollars-off coupons for Scotch Magnetic Media Products in every 10-pack of floppy disks. These are just two of many 1986 promotions designed to help move floppy disks off your shelves.

Remember, you can depend on the Scotch Floppy Disks to be of the highest quality, because they're part of the family of Scotch Magnetic Media Products.

Scotch™ MAGNETIC MEDIA

3M 1986

Call collect 1-612-736-5077 for more information. And compute higher sales.

3M

Study Shows Strong Sales of VCRs, Current Owners Plan to Upgrade

WASHINGTON, D.C. — The videocassette recorder clearly hasn't run out of sales wind. According to a recent study by the Electronics Industries Association, 37% of all households plan to buy a VCR in the next 12 months. Of that group, 13% said they were extremely likely to make such a purchase.

The group of potential buyers is divided between those who already own, and would presumably be upgrading, and those who will be buying their first VCRs. More than 30% of current VCR owners said they would buy in the next year, while 41% of nonowners plan to buy.

What kind of VCRs are potential buyers searching for? Table/deck models head the list, with 60% having said they'll buy that type. But 6% said they will buy camcorders. That compares strikingly with last year, when only 1% of those who bought VCRs chose camcorders.

The biggest potential audience for camcorders is present VCR owners, who would obviously be looking to upgrade. Nearly 15% of current VCR owners who are planning to buy another VCR said they would choose a camcorder over other models. Only 3% of those who don't own a VCR but plan to purchase one said they will buy a camcorder.

Among both owners and nonowners alike the preference is strongly for the VHS format, with 84% of all households having said they'll buy VHS. But support is also growing for 8 mm, especially among those who already own a VCR. In that group, 4% who said they plan to purchase another VCR this year said they would buy 8 mm.

In fact, the study found that of those who already own a VCR and plan to buy another, 27% would be doing so to upgrade to something better. Even more interesting, perhaps, is that 56% of those looking to buy another VCR would do so simply because they want to have two working VCRs in their household.

The likelihood that a person will buy a VCR increases if that person has ever rented one, the study shows. Nearly 30% of those who have rented a VCR said they are very likely to buy one in next 12 months, while another 41% said they are somewhat likely.

That compares with only 12% of those who have never rented a VCR who said they are very likely to buy one in the next 12 months and 23% who have never rented a VCR and said they are somewhat likely to buy one in next 12 months.

Of those who don't own a VCR and don't plan to buy one, more than half said they are simply not interested in the product. Another 36% said that the expense of owning a VCR was the main reason they didn't plan to buy one, while 18% said that watching television was satisfying enough for them.

Those who already own a VCR almost invariably use them in their living room, although about 29% said that they use them in family rooms. Another 11% locate them in the bedroom (although 24% of all second VCRs get placed in the bedroom).

Who uses the family VCR most? In almost half of all households who own VCRs, the male head of the household uses it the most. In 37% of households the female head of thehousehold is the main user. In 13% of households a son is the principal user, while in 8% a daughter is the main user.

Home recording is something that VCR owners do about one to five hours a week, typically, while playing cassettes is something that people do nearly twice as much. Nearly 55% of those who own VCRs spend one to five hours a week recording, while 25% spend six to 10 hours a week recording.

As for playing cassettes, 36% of those who own VCRs do that between one and five hours a week, while another 39% play cassettes six to 10 hours a week.

The mean number of hours per week people spend recording is 6.1 hours, while the mean number of hours people spend playing cassettes is 9.3 hours.

VCR ownership, according to the study, generally follows population density trends throughout the country. For instance, 6% of all VCR owners reside in New England, which also contains 6% of all U.S. households.

The Pacific states have the greatest concentration of VCR owners, 18% compared with 14% of total households. The smallest concentrations are in the East South Central states and the Mountain states, both of which claim just 5% of VCR owners. Several areas of the country, including the South Atlantic and the East North Central, have a smaller concentration of VCRs relative to their total population.

Intention to Buy VCRs in Next Year

	All Households	VCR Owners	Non-VCR Owners
Very Likely	13%	10%	15%
Somewhat Likely	24	22	26
Not Likely	63	68	60

Source: Electronics Industries Association

Where VCRs Are Located in the Home

Room	%
Living Room	56
Family Room/Playroom	29
Bedroom	9
Study/Den/Library	4
Kitchen	1
Other Rooms	1

Source: Electronics Industries Association

TURN UP THE VOLUME ON AUDIO CASSETTE SALES.

Turn up the volume of your audio cassette sales with the company that has the loudest presence in the video market. The same customer who buys Scotch™ Videocassettes and Personal Computer Products also buys Scotch Audio Cassettes.

Scotch Audio Cassettes come in a wide range of packaging configurations to meet your customers' needs. Your customers will find Scotch Audio Cassettes to be an excellent value, offering the Scotch brand name you've come to rely on in magnetic media products.

Remember, Scotch Audio Cassettes are an important part of the Scotch Magnetic Media family.

Scotch™ MAGNETIC MEDIA

©3M 1986

Call collect 1-612-736-5077 for more information. And increase your sales volume.

3M